

ATTACHMENT A
PACIFIC GAS AND ELECTRIC COMPANY
REPRESENTATIVES AND CONTACTS

A. Parties' Representatives:

Utility Representative:

Mr. Kent M. Harvey
Senior Vice President - Treasurer and Chief Financial Officer
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120

Phone: (415) 973-6333
Facsimile: (415) 973-6942
Email: KMH5@pge.com

DWR Representative:

State of California
The Resources Agency
Department of Water Resources
California Energy Resources Scheduling Division
3310 El Camino Avenue, Suite 120
Sacramento, California 95821

Attn: Viju Patel
Energy Advisor
Telephone: (916) 574-0339
Facsimile: (916) 574-2512
Email: vpatel@water.ca.gov

B. Contact Persons:

The Parties shall make the following contact person(s) available with respect to the operational matters described below:

1. Billing Services:

Utility contacts:

For billing operations:

Mr. Russell E. Jorgensen
Director - Customer Revenue Transactions
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120

Phone: (415) 973-7252
Facsimile: (415) 973-0939
Email: REJ4@pge.com

For remittances:

Ms. Melissa K. Wikle
Director - Corporate Accounting
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120

Phone: (415) 973-6236
Facsimile: (415) 973-7463
Email: MKW6@pge.com

DWR contact:

State of California
The Resources Agency
Department of Water Resources
California Energy Resources Scheduling Division
3310 El Camino Avenue, Suite 120
Sacramento, California 95821

Attn: Jim Olson, Deputy Comptroller
Chief of Financial Management and Reporting
Telephone: (916) 574-1297
Facsimile: (916) 574-0301
Email: jolson@water.ca.gov

2. Scheduling, delivery and transmission:

Utility contact:

Mr. Brian E. Thurston
Manager - Power Generation Portfolio Management
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120

Phone: (415) 973-3744
Facsimile: (415) 973-7668
Email: BET5@pge.com

DWR contact:

State of California
The Resources Agency
Department of Water Resources
California Energy Resources Scheduling Division
3310 El Camino Avenue, Suite 120
Sacramento, California 95821

Attn: Susan Lee, Principal HEP Utility Engineer
Chief of Energy Scheduling and Trading
Telephone: (916) 574-1304
Facsimile: (916) 574-0301
Email: slee@water.ca.gov

3. Surplus Power Sales Remittances:

Utility contacts:

Mr. Russell E. Jorgensen
Director - Customer Revenue Transactions
Pacific Gas and Electric Company
P.O. Box 7442
San Francisco, CA 94120

Phone: (415) 973-7252
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DWR contact:

State of California
The Resources Agency
Department of Water Resources
California Energy Resources Scheduling Division
3310 El Camino Avenue, Suite 120
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Attn: Jim Olson, Deputy Comptroller
Chief of Financial Management and Reporting
Telephone: (916) 574-1297
Facsimile: (916) 574-0301
Email: jolson@water.ca.gov

ATTACHMENT B

REMITTANCES

1. Calculation Of Daily Remittance Amount. As soon as practicable following the Effective Date, and prior to the beginning of each calendar month thereafter during the Term, Utility shall forecast the amount of Power Charges that Utility expects to receive during either (i) the period of time between the Effective Date and the last day of the calendar month in which the Effective Date occurs ("Initial Monthly Period") or (ii) each subsequent calendar month of the Term, as the case may be (each such forecast a "Forecast Collection"). The Forecast Collection shall be equal to the Power Charges expected to be received (based upon the Collections Curve as described in Section 2 below) for the applicable month. As further described in Section 3 below, prior to the beginning of each calendar month, the Utility shall determine the Forecast Collection for the subject month based on the delivery of DWR Power to ~~PG&E~~Utility's customers (as described in Section 3 below), a forecast of energy billed to Customers, the applicable remittance rate prescribed by the Commission, as may be changed from time to time, and the Collection Curve. The "Daily Remittance Amount" shall be an amount equal to the Forecast Collections for the relevant period, divided by the number of Business Days in the relevant period. Each Daily Remittance Amount shall be accompanied by a written report substantially in the form set forth in Attachment C-1 hereto (the "Daily Remittance Report"). If for any period of six consecutive months, the aggregate Reconciliation Amount (defined below) for such period is a positive or negative number greater than 10% of Estimated DWR Collections (as defined in Section 3 below) for such period, DWR agrees to, and Utility shall, negotiate changes to the Forecast Collection methodology described in this Section 1 that are reasonably designed to reduce the Reconciliation Amount as much as possible for future months. If either Party believes such negotiations to be unsuccessful, either Party may, in addition to any other remedies available to the Party, submit the matter to the Commission or other appropriate forum for resolution.

2. Collections Curve; Interim Collection Curve. To calculate "Estimated DWR Collections," Utility will use a single Collections Curve in the form attached hereto as Annex A. After the Effective Date and at any time during the Term, but no more frequently than once every calendar year, either party may, at its own expense, do a study of payment and collection patterns and develop a new Collections Curve. In the event DWR elects to develop a new Collections Curve, Utility shall cooperate in such development, provided that Utility shall be entitled to collect the reasonable costs of such cooperation as an Additional Charge. A study of payment and collection patterns and the development of a new Collections Curve, if undertaken pursuant to this Section 2, shall be done as follows:

a) a Collections Curve will be developed for all Customers, based upon a random sample of no fewer than 500 Customer bills;

b) to derive the Collections Curve, there shall be recorded, for a given month, the percentage of the billed revenue that is received in each of the following 6 months or until the application of write-offs, whichever is earlier;

c) to the extent that Utility collects late payment interest charges for payments rendered after the due date for the relevant payments, such late payment interest charges will be reflected in the Collections Curve as revenue received on the originally billed amounts.

In addition to the process described above allowing for annual revisions to the Collections Curve, Utility may develop and use in its calculation of Estimated DWR Collections an "Interim Collections Curve," representing Utility's determination of anticipated collections from Customers for Charges, if the funds received by Utility from Customers for Charges for any period of 10 consecutive Business Days are less than 80% of the aggregate amount that Utility expected to receive from Customers for Charges for such period (based upon the then operative Collections Curve); provided, however, that the implementation of any Interim Collections Curve shall be subject to the approval of DWR which approval may not be unreasonably withheld or delayed. If Utility so implements an Interim Collections Curve, then Utility shall be entitled to use it instead of the then operative Collections Curve only until such time as the aggregate funds received from Customers for Charges since the first Business Day of the 10 Business Day period triggering the use of the Interim Collections Curve exceed the 80% threshold described above.

3. 3.—Allocation of DWR Power.

(a) Prior to the Operating Order Effective Date: Under Section 2.4 of the Servicing Order of the Commission issued on May 16, 2002, DWR Power will be allocated pursuant to the Act, other Applicable Law, and Applicable Tariffs. The Act and Applicable Law require Utility to calculate a percentage equal to the ratio of DWR Power to ~~total~~ total demand and apply such percentage to energy billed to Customers in determining the percentage of DWR Power consumed by any Customer or class of Customers (the "DWR Percentage"). Except to the extent otherwise agreed by the Parties, the DWR Percentage shall be determined as the ratio of forecasted final Hour-Ahead Schedules for DWR Power provided through the ISO's Scheduling Coordinator to Scheduling Coordinator (SC to SC) trade mechanism and forecasted Imbalance Energy, relative to forecasted total demand. For the "Monthly Reconciliation of Forecast Collections" (see Section 4 below), the DWR Percentage will be updated to reflect actual Final Hour-Ahead Schedules as published by the ISO for DWR SC to SC trades, and any changes to forecasted Imbalance Energy and forecasted total demand based on information available at the time. For the "Final Monthly Reconciliation" (as described in Section 5 below), the DWR Percentage will be updated to reflect actual Imbalance Energy as reflected in the ISO Final Settlement Statements that underlie the published ISO invoices and actual total demand as reported to the ISO by Utility.

(b) Post-Transition Methodology: Upon the Operating Order Effective Date, Utility shall calculate a percentage equal to the ratio of DWR Power to total demand and apply such percentage to energy billed to Customers in determining the percentage of DWR Power consumed by any Customer or

class of Customers (the "DWR Percentage"). Except to the extent otherwise agreed to by the Parties, the DWR Percentage shall be determined in accordance with Exhibit C of the Operating Order. For the "Monthly Reconciliation of Forecast Collections" (see Section 4 below), the DWR Percentage will be updated to reflect any known adjustments to forecasted dispatched quantities of Power and forecasted total demand based on information available at the time. For the "Final Monthly Reconciliation" (as described in Section 5 below), the DWR Percentage will be updated to reflect actual dispatched quantities of Power as reflected in the ISO Final Settlement Statements that underlie the published ISO invoices and actual total demand as reported to the ISO by Utility.

4. Monthly Reconciliation of Forecast Collections. Following the Remittance Month, Utility will update the Forecast Collections to reflect the best information that is available; each such updated forecast an "Estimated DWR Collection." This includes updating the Allocation of DWR Power (as described in Section 3 above), replacing forecasted with actual energy billed to Customers, and making any other adjustments authorized by Applicable Law, mutually agreed to by the Parties, or expressly permitted under the Servicing Order. The Utility will (i) subtract the Forecast Collections in the previous month from the Estimated DWR Collections from the previous month and (ii) make those adjustments, which have not been previously accounted for (the result of such calculation, the "Reconciliation Amount"). If the Reconciliation Amount is positive, the Reconciliation Amount will be remitted to DWR on the Business Day immediately following the 20th day of the month following the Remittance Month (each a "Reconciliation Date"). If the Reconciliation Amount is negative, the Reconciliation Amount will be deducted from the subsequent Daily Remittance(s) until such amounts are reimbursed. If the Servicing Order terminates before a Reconciliation Date for which a Reconciliation Amount has not yet been calculated (which Reconciliation Amount would have been calculated had the Servicing Order not been terminated), DWR agrees, and with respect to PG&E, it is ordered that the Parties' obligations with respect to such Reconciliation Amount shall survive termination. Notwithstanding Section 1.26 of the Servicing Order, the payment of a Reconciliation Amount to DWR in the manner set forth in this Attachment B shall not constitute a Delinquent Payment.

5. Final Monthly Reconciliation. Seven months after the Remittance Month, Utility will perform the Final Monthly Reconciliation to reflect the actual delivery of DWR Power (as described in Section 3 above). The Final Monthly Reconciliation will also reflect the actual uncollectible factor for revenues billed in the subject month and adjustments authorized by Applicable Law, adjustments mutually agreed to by the Parties or adjustments expressly permitted under the Servicing Order or by Applicable Law. The Utility will subtract the total remittances previously sent to DWR from the actual Power Charges collected by Utility on behalf of DWR (the result of such calculation, the "Final Reconciliation Amount"). If the Final Reconciliation Amount is positive, it will be remitted to DWR on the Business Day immediately following the 20th day of the month. If the Final Reconciliation Amount is negative, it will be invoiced to DWR as Additional Charges in the manner set forth in Section 7 of the Servicing Order.

6. Sample Monthly Reconciliation Reports. A sample Monthly Reconciliation Report is attached to this Servicing Order as Attachment C-2. A sample Final Monthly Reconciliation Report is attached to this Servicing Order as Attachment C-3. Attachments C-1, C-2 and C-3 are for illustrative purposes only and do not reflect any actual payments or adjustments for any period.

7. (a) Transition Period. On or prior to June 1, 2001, Utility shall transition from use of the interim remittance methodologies described in Decision 01-03-081, adopted by the Commission on March 27, 2001, Decision 01-05-064, adopted by the Commission on May 15, 2001 (collectively the "Interim Remittance Methodologies"), to use of the more precise remittance methodology ("More Precise Remittance Methodology") set forth in ~~this~~ the Commission's Decision 02-05-048 issued on May 16, 2002 ("Original Servicing Order") and ~~this Attachment B~~ hereto. This transition will include the continuation of the Interim Remittance Methodologies after the Effective Date of the Original Servicing Order as long as necessary or appropriate (the "Transition Period") to account for DWR Power provided to Customers prior to the Effective Date of the Original Servicing Order. Remittances during the Transition Period using the Interim Remittance Methodologies shall be made in addition to Remittances made in accordance with the More Precise Remittance Methodology ~~set forth herein~~ referred to above. As soon as practicable following the last day that the Interim Remittance Methodologies are applied, but not later than 210 days after the Effective Date of the Original Servicing Order, Utility will submit to DWR a reconciliation calculation, in form and substance reasonably acceptable to DWR, comparing (i) all amounts remitted to DWR pursuant to the Interim Remittance Methodologies with (ii) the amounts which would have been remitted to DWR had the More Precise Remittance Methodology been used instead. To assist Utility in making such reconciliation calculation, DWR will cooperate with Utility and supply such data that Utility reasonably requests to perform such reconciliation calculation. The adjustment to the relevant Reconciliation Amount derived from such reconciliation calculation shall be made at the next Reconciliation Date that occurs no earlier than 10 calendar days following submittal of the adjustment calculation to DWR, absent a determination by DWR of error in such calculations.

(b) Imbalance Energy Transition Period. On or prior to the Effective Date of ~~this~~ the Original Servicing Order, Utility will begin using the amended methodology contained in this Attachment B to remit Imbalance Energy remittances. During the six-month period commencing on the date of implementing the remittance principles contained in ~~this~~ Attachment B of the Original Servicing Order (the "Imbalance Energy Transition Period"), Imbalance Energy Remittances (as described in the Letter Agreement) that are not collected from customers under the collection curve methodology described in this Attachment B shall be remitted to DWR as a part of the Imbalance Energy Lump Sum Remittances described in Exhibit B of Attachment I hereto. However, when ~~PG&E~~ Utility performs its Final Reconciliation, as described in ~~this~~ Attachment B of the Original Servicing Order, the total amounts owed to DWR each month for energy delivered in the Imbalance Energy Transition Period shall be equal to amount remitted for each Remittance Month's actual DWR energy delivered to ~~PG&E~~ Utility's customers plus interest on the portion of Imbalance Energy remittances for the Imbalance Energy Transition Period calculated pursuant to Exhibit B of Attachment I.

(c) Post-Transition Period. On or prior to the Operating Order Effective Date, Utility shall transition from use of the More Precise Remittance Methodologies as provided in the Original Servicing Order to use the post-transition remittance methodology consistent with the Contract Allocation Order and as further provided in Exhibit C of the Operating Order, this 2003 Servicing Order and this Attachment B ("Post-Transition Remittance Methodology"). This transition will include the continuation of the More Precise Remittance Methodology's true-up after the Operating Order Effective Date as long as necessary or appropriate (the "Post-Operating Order Transition Period") to account for DWR Power provided to Customers prior to the Operating Order Effective Date. True-up Remittances during the Post-Operating Order Transition Period using the More Precise Remittance Methodology shall be made in addition to Remittances made in accordance with the Post-Transition Remittance Methodology.

8. New Utility Systems. If Utility implements a billing, accounting and/or other information system that, in Utility's reasonable estimation, enables Utility to track, measure, and calculate actual Customer payments of Consolidated Utility Bills on a daily basis, Utility shall notify DWR of the same. Following any such notification, upon DWR's election to require Utility to remit and adjust DWR Revenues on a daily basis and in a manner generally consistent with that set forth in Annex B to this Attachment B, Utility shall make commercially reasonable efforts to comply with any such request as soon as practicable. DWR agrees that Utility shall be entitled to recover its reasonable incremental costs of implementing such changes requested by DWR in remittance and adjustment methodologies as Additional Charges in the manner set forth in Section 7 of this 2003 Servicing Order, or through any other recovery mechanism approved by the Commission. Any improvements to or replacements of Utility's systems which are undertaken for reasons which are independent of this provision shall not be considered an incremental cost under this provision.

9. Collections After Termination. Section 5.5 of the Servicing Order notwithstanding, and except to the extent otherwise agreed pursuant to Section 8 of [or Annex B to] this Attachment B, DWR agrees that Utility shall have no obligation to pursue collection of, and no liability for failure to collect and remit, DWR Charges after 180 calendar days following termination of the Servicing Order. Notwithstanding the immediately preceding sentence, Utility shall employ commercially reasonable efforts to remit to DWR any DWR Charges that Utility receives after 180 calendar days following termination of the Servicing Order.

Pacific Gas Electric Company
CDWR Daily Remittance Report
March 21, 2002 Payment Date
Example for Illustrative Purposes Only

Attachment C-1

<u>Description</u>	<u>Date</u>	<u>Payment Amount</u>	
October Billings	3/21/2002	166,698.08	
November Billings	3/21/2002	175,120.67	
December Billings	3/21/2002	190,702.56	
January Billings	3/21/2002	400,802.59	
February Billings	3/21/2002	3,249,694.02	
March Billings	3/21/2002	1,796,265.75	
	Subtotal*	5,979,283.67	
February 20 Day True-up		5,043,201.33	(see Attachment C2)
	Subtotal	11,022,485.00	
Final August Trade Month True-up		(3,751,340.61)	(see Attachment C3)
	Total	7,271,144.39	

* This amount is remitted pursuant to D.02-02-052 and 02-03-062 and includes payment for real-time deliveries.

Pacific Gas and Electric Company
CDWR February 2002 Collection Month True-up Payments
Monthly Reconciliation Report (D.02-02-052 and D.02-03-062)
Example for Illustrative Purposes Only

<u>Trade Month</u>	<u>Forecasted Feb. Payments</u> A	<u>True Up Feb. Payments</u> B	<u>True Up Less Forecasted</u> C=B-A
September	3,501,101.10	3,501,101.10	0.00
October	4,540,654.56	4,540,654.56	0.00
November	4,079,183.46	4,079,183.46	0.00
December	9,160,892.16	9,160,892.16	0.00
January	66,153,402.00	65,447,765.71	(705,636.29)
February	<u>39,266,493.00</u>	<u>45,115,330.62</u>	<u>5,848,837.62</u>
Subtotal	126,701,726.28	131,844,927.61	5,143,201.33
Less 20/20	<u>0.00</u>	<u>(100,000.00)</u>	<u>(100,000.00)</u>
Total	126,701,726.28	131,744,927.61	5,043,201.33

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Pacific Gas and Electric Company
CDWR February 2002 (Forecast) Collection Month Payments
Initial Calculations (D.02-02-052 and D.02-03-062)
Example for Illustrative Purposes Only

Trade Month	CDWR Volumes/ PG&E Load **	Billed MWH ***	Billed MWH	CDWR Billed MWH	DWR Rate \$/MWH	Total DWR Payments for Trade Month (\$)	Collection Curve	February Payment for Trade Month (\$)	Daily Payment Based Upon 19 Billing Days (\$)
	A	B	C=AxB	D	E=CxD	F	G=ExF	H=G/19 Days	
September	35.00%	6,000,000	2,100,000	92.11	193,431,000.00	1.81%	3,501,101.10	184,268.48	
October	32.00%	6,500,000	2,080,000	92.11	191,588,800.00	2.37%	4,540,654.56	238,981.82	
November	33.00%	5,500,000	1,815,000	92.11	167,179,650.00	2.44%	4,079,183.46	214,693.87	
December	32.00%	5,250,000	1,680,000	92.11	154,744,800.00	5.92%	9,160,892.16	482,152.22	
January*	25.00%	5,250,000	1,312,500	92.11	120,894,375.00	54.72%	66,153,402.00	3,481,758.00	
February*	25.00%	5,250,000	1,312,500	92.11	120,894,375.00	32.48%	39,266,493.00	2,066,657.53	
Totals							126,701,726.28	6,668,511.92	

* Forecast Months

** CDWR Volumes represents CDWR Day-Ahead, Hour-Ahead and Real-Time volumes. Percentages are estimates. Final percentages for respective trade months will be reflected in final trade month true-up calculation.

*** Billed MWH excludes direct access.

Pacific Gas and Electric Company
CDWR February 2002 (Estimated) Collection Month Payments
Monthly Reconciliation Report True-up Calculations (D.02-02-052 and D.02-03-062)
Example for Illustrative Purposes Only

<u>Trade Month</u>	<u>CDWR Volumes/ PG&E Load **</u> A	<u>Billed MWH ***</u> B	<u>CDWR Billed MWH</u> C=AxB	<u>DWR Rate \$/MWH</u> D	<u>Total DWR Payments for Trade Month (\$)</u> E=CxD	<u>Collection Curve</u> F	<u>February Payment for Trade Month (\$)</u> G=ExF
September	35.00%	6,000,000	2,100,000	92.11	193,431,000.00	1.81%	3,501,101.10
October	32.00%	6,500,000	2,080,000	92.11	191,588,800.00	2.37%	4,540,654.56
November	33.00%	5,500,000	1,815,000	92.11	167,179,650.00	2.44%	4,079,183.46
December	32.00%	5,250,000	1,680,000	92.11	154,744,800.00	5.92%	9,160,892.16
January	26.50%	4,900,000	1,298,500	92.11	119,604,835.00	54.72%	65,447,765.71
February	26.00%	5,800,000	1,508,000	92.11	138,901,880.00	32.48%	45,115,330.62
Totals						Less 20/20	131,844,927.61
						February Payments	(100,000.00)
							131,744,928

** CDWR Volumes represents CDWR Day-Ahead, Hour-Ahead and Real-Time volumes. Percentages are estimates.
Final percentages for respective trade months will be reflected in final trade month true-up calculation.
*** Billed MWH excludes direct access.

Pacific Gas and Electric Company
CDWR August 2001 Final Trade Month Payments
Final Monthly Reconciliation Report (D 02-02-052 and D.02-03-062)
Example for Illustrative Purposes Only

<u>Trade Month</u>	<u>CDWR Volumes/</u> <u>PG&E Load **</u>	<u>Billed</u> <u>MWH ***</u>	<u>CDWR</u> <u>Billed</u> <u>MWH</u> <u>C=A/B</u>	<u>DWR Rate</u> <u>\$/MWH</u> <u>D</u>	<u>Uncollectible</u> <u>Percentage</u> <u>E</u>	<u>Total CDWR</u> <u>Payment</u> <u>Before 20/20</u> <u>F=CxDx(1-E)</u>	<u>20/20</u> <u>Credits</u> <u>G</u>	<u>Total CDWR</u> <u>Payment for</u> <u>Trade Month</u> <u>H=F+G</u>	<u>Previous</u> <u>August</u> <u>Payments</u> <u>I</u>	<u>Final True-up</u> <u>Amount</u> <u>J=H-I</u>
August	32.00%	7,900,000	2,528,000	92.11	0.26000%	232,248,659.39	(26,000,000.00)	206,248,659.39	210,000,000.00	(3,751,340.61)

** CDWR Supply represents CDWR Day-Ahead, Hour-Ahead and Real-Time volumes.
*** Billed MWH excludes direct access.

ATTACHMENT D

Reserved

ATTACHMENT E
PACIFIC GAS AND ELECTRIC COMPANY
ADDITIONAL PROVISIONS

1. Attachment I.

Attachment I, providing for the assumption of financial obligations relating to ISO invoiced Imbalance Energy and Ancillary Services (as defined in Exhibit A of Attachment I) costs by DWR and the remittance of revenues collected from PG&E's customers at the Commission approved rate is attached to this Servicing Order.

2. [Reserved]

3. [Reserved]

4. Retention of Rights.

Notwithstanding (i) the terms, execution or operation of the Servicing Order, (ii) the approval of, any modification to, or any other action taken with respect to or having an effect on the Servicing Order by the Bankruptcy Court, the Commission or any other Governmental Authority, or (iii) any other action taken by a Governmental Authority, Utility retains all rights (if any) in any forum to contest, oppose, appeal, comment on, or otherwise seek to revisit, alter, modify or set aside any present or future decisions, orders, opinions, rulings, or actions or omissions to act by the Commission or any other Governmental Authority, whether in draft, interim or final form, arising out of, relating to, or connected with (x) the calculation of DWR Charges or DWR Revenues and the allocation of costs and amounts of electric capacity and output among the customers of electrical corporations, (y) the interpretation and/or legality of Applicable Law or Applicable Commission Orders, or (z) remittance of such calculated amounts by Utility to DWR or its Assign(s) under Applicable Law or Applicable Commission Orders in a manner inconsistent with this Servicing Order or Utility's ability to perform its utility functions.

5. Orders of the Federal Energy Regulatory Commission.

Nothing in the Servicing Order shall operate to modify any of the requirements of any order of the Federal Energy Regulatory Commission. Without limiting the generality of the foregoing, nothing in the Servicing Order shall obligate Utility to pay for costs that would be inconsistent with any order of the Federal Energy Regulatory Commission or the ISO tariff.

6. Scheduling Practices.

Utility is ordered and DWR agrees to work together to assure that any Customer demand served as a result of the Servicing Order is accurately estimated and scheduled, and that no deviations or imbalances result except to the extent resulting from unforeseeable variations in demand or resources. Where scheduling practices produce deviations and schedules either higher or lower than Customer demand, apart from such unforeseeable variations, DWR agrees and

Utility is ordered to promptly attempt to revise and cooperate to eliminate such deviations and modify any scheduling practices which produce such deviations.

If, over any rolling seven day period, the aggregate amount of scheduled DWR Power exceeds the aggregate Net Open Position for such period by at least 100,000 MWh (“Overscheduling”), Utility is ordered to, and DWR agrees to promptly meet, confer and cooperate in an attempt to modify any scheduling practices which produce such deviations, consistent with commercially reasonable practices. Overscheduling by DWR shall be considered a commercially reasonable practice if DWR has reasonably determined that Utility’s load forecasts are consistently low or if Utility has consistently failed to deliver scheduled utility retained generation. Notwithstanding any commercially reasonable practice for Overscheduling, the Monthly Reconciliation Amount shall be adjusted in order to ensure that Remittances are based solely on the portion of scheduled DWR Power actually delivered to Customers and not for any overscheduled amounts in excess of Customer usage. The Net Open Position, as used in this section, refers to the difference between actual Customer usage and actual Utility-retained generation during the given period.

Notwithstanding the above, on and after the effective date of the Operating Order, Utility is ordered to assure that any Customer demand is accurately forecasted and scheduled, and that no uninstructed deviations or imbalances result except to the extent resulting from unforeseeable variations in demand or resources. Where scheduling practices produce uninstructed deviations and schedules either higher or lower than Customer demand, apart from such unforeseeable variations, DWR agrees and Utility is ordered to promptly attempt to revise and cooperate to eliminate such deviations and modify any scheduling practices which produce such deviations. If, over any rolling seven day period, the aggregate amount of uninstructed deviations exceeds 100,000 MWh, Utility is ordered to, and DWR agrees to promptly meet, confer and cooperate in an attempt to modify any scheduling practices which produce such deviations, consistent with commercially reasonable practices.

7. Imbalance Energy Reports.

Subject to the availability of necessary information, DWR agrees to provide Utility with weekly reports detailing how much electric power and energy DWR purchased or otherwise agreed to pay for in connection with purchases made in the Real Time Market for each day not previously reported, in total and for provision to Customers. For purposes of this Section 7, “Real Time Market” means the market(s) in which electric power and energy is purchased and sold on a real time basis in order to meet demand over and above electric power and energy scheduled in the Day-Ahead Market or Hour-Ahead Market. DWR may expressly identify information provided to Utility under this section as “Confidential Information” subject to Section 6 of the Agreement.

ATTACHMENT F

CALCULATION METHODOLOGY FOR REDUCED REMITTANCES PURSUANT TO 20/20 PROGRAM

1. Reimbursement of 20/20 Program Rebate Costs.

DWR agrees that Utility shall recover the amount of Customer credits under the 20/20 Program as follows:

On the **30th** day after the presentation of credits on Consolidated Utility Bills, Utility shall reduce any Remittances to DWR under the Act or Commission Decision 01-03-081 by the daily amount equal to the total of such Customer credits. If the amount that Utility is entitled to offset on any day exceeds the funds otherwise due to DWR, the balance will be carried over to the next day. If it appears that the amount Utility is entitled to offset will exceed the funds due to DWR for more than three consecutive days, then Utility will invoice DWR with an estimate of the amount due to Utility. DWR will pay such invoice within one Business Day of receipt. For purposes of this Attachment F, the credits or payments shall refer to the 20 % reduction applied to Customers' total net electric power and energy charges (including applicable rate surcharges), and shall include credits or payments made to resolve Customer disputes or reflect corrected Consolidated Utility Bills following the end of the 20/20 Program.

2. Reimbursement of 20/20 Program Implementation Costs.

DWR agrees to pay to Utility the following initial implementation fee and recurring administrative fees associated with the 20/20 Program as provided for in Section 4.3 of the Servicing Order. The initial implementation fee shall be \$1,563,500 and the recurring administrative fees shall be \$809,000 each month June through September of 2001 (unless extended and then until such later date). The basis for these fees is set forth in Annex A to this Attachment F.

3. Estimated Costs.

The intent is to reimburse the actual, incremental costs incurred by PG&E. PG&E will exercise reasonably commercial efforts in managing their operations to minimize costs and keep within the budgeted costs shown in the table below:

- a. PG&E shall invoice DWR after a 20/20 Program implementation activity described below has been completed and will undertake reasonable commercial efforts to track and keep costs within the estimated costs shown in this Attachment F.

- b. For the majority of PG&E's 20/20 Implementation Costs (Page 1 of Annex A below), PG&E will invoice DWR based on actual costs and provide DWR with an invoice itemizing and documenting such costs.
- c. For cost items: Increased Call Volumes, Increased Calls to Language Lines, Increased Field Services and Adjustment/Exception Processing ("Increased Customer Inquiries" listed on Page 2 of Annex A below) PG&E is unable to track, itemize and provide detailed documentation of these monthly recurring costs without undertaking extensive system programming and hardware upgrades. Accordingly, DWR agrees, and PG&E is ordered to utilize the PG&E Estimated Costs shown in this Attachment F for PG&E's invoicing purposes without undertaking a true-up to actual costs. DWR agrees that invoicing for Increased Customer Inquiries will be handled in the following manner:

PG&E shall invoice DWR each month based on the Increased Customer Inquiries cost estimates shown below, with a signed statement from management asserting to an informal review and to their belief that the estimated costs still represent the best estimate for the period being invoiced. If however, PG&E experiences a significantly higher or lower difference in activity levels of customer inquiries, PG&E will notify DWR and provide to DWR documentation reasonably necessary to establish such different activity levels. Promptly thereafter, PG&E is ordered, and DWR agrees to negotiate a mutually acceptable adjustment based on an estimate of reasonably foreseeable costs for Increased Customer Inquiries.

4. 20/20 Program Reporting

- a. **Daily** – To the extent reasonably possible, within three Business Days Utility shall provide DWR with a report for a given billing day showing the aggregated dollar amounts of 20/20 Program credits applied to Consolidated Utility Bills and the number of Customers that received credits under the 20/20 Program
- b. **Monthly** – To the extent reasonably possible, Utility shall provide DWR with monthly reports showing the aggregated dollar amount of 20/20 Program credits applied to Consolidated Utility Bills and the number of Customers that received credits under the 20/20 Program. In addition Utility will provide a prior year and current year comparison showing system wide average monthly KWH savings. Monthly reports will be completed and submitted to DWR on the Business Day immediately following the 20th day of each month.
- c. **Other** – To the extent reasonably possible, Utility shall provide DWR with a report at the completion of the 20/20 Program showing the reduction in kWh related to credits provided to Customers under the 20/20 Program.

Annex A to Attachment F

Cost Element	Description	One-Time Implementation Costs	Monthly Recurring Costs
<i>IT Programming</i>	Analysis and design, programming, unit and system testing for multiple billing systems (Genesis, LCIS, WL, ABS and Customer Care Support Systems) Includes modifications to OLBH, TP, EDI Display on Energy Statement and/or Detail of Bill.	\$995,000	
<i>PGE.com website</i>	Modify PGE.com to integrate new web pages (20/20 Rebate Reward Eligibility Rules). Develop graphics and maintain appropriate links to CA website. Includes usability testing. Manage incoming emails from customers, repair broken links, and modify content as appropriate.	\$7,000	\$7,000
<i>Bill Inserts</i>	20/20 Program two panel bill insert for electric residential customers.	\$60,000	
<i>Overprint</i>	Overprint of the bill insert to be used as a mail out for customer service requests. Projected volume 500,000 requests.	\$6,500	
<i>Direct Mailing for CIA customers.</i>	20/20 Program letter to commercial, industrial and agricultural customers (CIA). Assumes \$1.00 per letter including postage and mailing for 400,000 CIA customers.	\$400,000	

<i>CSR Training (includes local office and call center)</i>	Incl. development, delivery and materials. Training 35K Materials/Dev 20K	\$55,000	
<i>Increased Call Volumes</i>	\$4.30 per call with an average call time 3.5 minutes, assuming 10% of customers will call.		\$500,000
<i>Increased calls to language lines</i>	(Chinese, Spanish and Vietnamese) 24,000 calls @ \$7.00		\$168,000
<i>Increased Field Services (Meter rereads, meter tests)</i>	Estimate based on 5% of 200 Account Service Representatives		\$100,000
<i>Adjustment/ Exception Processing</i>	Responds to customer requests to verify or recalculate if eligible for program (This should include Consumer Affairs costs as well) (1M at 10% rate, 625 per FTE. Incr. Volume at end of 4 month period (4 FTE)		\$34,000
<i>Reporting</i>	Performance Reporting		\$10,000

ATTACHMENT G
PACIFIC GAS AND ELECTRIC COMPANY
PG&E FEE SCHEDULE

DWR shall reimburse PG&E for the costs incurred by PG&E in providing Services under this Servicing Order. PG&E will exercise commercially reasonable efforts in managing its operations to minimize such costs and keep such costs within the estimated amounts referenced below.

1. Charges for Consolidated Utility Billing Service. The Set-Up Fees and Recurring Fees set forth below are PG&E's estimate of its costs of providing Consolidated Utility Billing Service as described in Sections 3 and 4 of the Servicing Order and Service Attachment 1; provided, however, that such estimate does not include any Additional Charges contemplated under those provisions. PG&E shall have no obligation to track the actual costs for Recurring Services and items where the cost of tracking is burdensome or requires the development of new cost-accounting procedures. The foregoing sentence notwithstanding, if the responsible manager at PG&E becomes aware that the actual costs of providing such services are 10% greater or less than the estimates set forth below, PG&E shall give DWR written notice of (1) the reason(s) for such greater or lesser costs, and (2) PG&E's revised estimate of the Set-Up Fees and/or Recurring Fees corresponding to such greater or lesser costs. Upon receipt of such notice, DWR may either accept the revised fees or, in cooperation with PG&E, examine alternatives for reducing fees. Upon DWR's agreement, not to be unreasonably delayed or withheld, revised Set-Up Fees and/or Recurring Fees shall be effective. DWR agrees that Set-Up Fees and Recurring Fees, as set forth below or in a notice given pursuant to this Section 1, shall be due and payable as provided in Section 7 of the Servicing Order.

a. Set-Up Fees. The Set-Up Fees for programming PG&E's billing and related customer care systems to implement Consolidated Utility Billing Service, for modifying PG&E's electronic data interchange system to implement Consolidated Utility Billing Service, and for implementing facilities and procedures for fielding Customer inquiries regarding DWR Charges pursuant to Section 3.4, will total \$1,756,500. The basis for this fee is set forth in Annex A to this Attachment G.

b. Recurring Fees. The Recurring Fees for processing Remittances and fielding Customer inquiries regarding DWR Charges will total \$79,500 in 2001 and \$115,000 per calendar year in each subsequent year. These Recurring Fees do not include any additional amounts for call center operations relating to DWR Charges, which shall be separately invoiced as Additional Charges, as appropriate.

2. Additional Charges. The Additional Charges set forth below are PG&E's estimate of its costs of providing the relevant services under the Servicing Order. PG&E shall have no obligation to track the actual costs of such services, other than those specified in subsection c., below. The foregoing sentence notwithstanding, if the responsible manager at PG&E becomes aware that the costs of providing such services are 10% greater or less than the estimates set forth below, PG&E shall give DWR written notice of (1) the reason(s) for such greater or lesser costs, and (2) PG&E's revised estimate of the Additional Charges necessary to cover such greater or lesser costs, which revised Additional Charges shall be effective upon delivery of such

notice. Additional Charges, as set forth below or in a notice given pursuant to this Section 2, shall be due and payable as provided in Section 7 of the Servicing Order and Section 2.c below.

a. Specified Additional Charges.

Not Applicable.

b. Other Additional Charges. PG&E shall provide DWR with estimates of all other Additional Charges as and when such information becomes available.

c. Invoicing; Payment. PG&E will invoice DWR for Additional Charges, and DWR agrees to pay such invoiced Additional Charges, in the manner set forth in Section 7 of the Servicing Order. Subject to the foregoing sentence, each invoice will:

(1) include or enclose documentation showing the basis of Additional Charges, provided, however, that where providing such documentation would be burdensome, the relevant invoice(s) may instead disclose PG&E's reasonable method of approximating the Additional Charges;

(2) specify PG&E's hourly labor rates and estimated total hours for completion of a given task; and

(3) include or enclose invoices/vendor receipts for equipment purchases.

DWR shall not unreasonably withhold or delay approval or payment of any invoiced Additional Charges.

d. Contact for Invoices. Invoices shall be addressed to:

Attn: Jim Olson, Deputy Comptroller
Chief of Financial Management and Reporting
Department of Water Resources
California Energy Resources Scheduling Division
3310 El Camino Avenue, Suite 120
Sacramento, California 95821

Telephone: (916) 574-1297
Facsimile: (916) 574-0301
Email: jolson@water.ca.gov

ANNEX A TO ATTACHMENT G

<u>Items</u>	SETUP	RECURRING			
	2001	2001	2002	2003	2004
Billing Systems Programming: Analysis and design, programming, unit and system testing for multiple billing systems and programming to display DWR Charges on Energy Statement and Detail of Bill.	\$1,650,000				
EDI Modification: Programming and testing of EDI. Communication with trading partners.	\$5,500				
Revenue Reporting and Remittance Processes: Following initial modifications to revenue reporting processes and development of new reports, ongoing costs include monthly revenue reporting and invoice processing.	\$46,000	\$79,500	\$115,000	\$115,000	\$115,000
Call Center Training: Development and delivery of training materials for Customer contact personnel. Training labor - \$35K Development and Materials \$20K	\$55,000				
Total Costs	\$1,756,500	\$79,500	\$115,000	\$115,000	\$115,000

ATTACHMENT H

Not applicable. This Servicing Order contains no Attachment H.

ATTACHMENT I

REAL-TIME ENERGY AND ISO INVOICED CHARGES

Attachment I governs certain aspects of the relationship between the California Energy Resources Scheduling ("CERS") division of the California Department of Water Resources ("CDWR"), acting solely under the authority and powers granted by AB1-X, codified as Sections 80000 through 80270 of the California Water Code, as amended (the "Act"), including but not limited to its authority to make payments from amounts in the Department of Water Resources Electric Power Fund (the "Electric Power Fund") available for the purposes set forth in Attachment I, but not under its powers and responsibilities with respect to the State Water Resources Development System, and Pacific Gas and Electric Company, a corporation organized and existing under the laws of the State of California ("PG&E"). The Act, together with any subsequent legislation which extends such authorization, is referred to herein collectively as the "Extended Act."

Attachment I addresses CDWR's and PG&E's respective rights and obligations with respect to (a) real-time electric energy procured by the California Independent System Operator Corporation ("ISO") used to serve PG&E's retail load that has not been, and, is not, served by PG&E generation resources beginning on 10:00 p.m. (the "last PG&E charge responsibility hour") on January 17, 2001 ("Imbalance Energy") and (b) a portion of certain other costs relating specifically to PG&E invoiced to CDWR ("Other ISO Invoiced Charges" and collectively with Imbalance Energy costs, the "ISO Invoiced Charges") which ISO charges were invoiced to CDWR by the ISO pursuant to that certain Federal Energy Regulatory Commission ("FERC") order dated November 7, 2001 (Docket Nos. ER01-3013 and ER01-889). Attachment I specifically does not address the financial responsibilities as to certain transmission, distribution and administrative costs also included in the ISO invoices submitted to CDWR.

CDWR agrees, and with respect to PG&E it is ordered (each a "Party" and collectively the "Parties") that (a) each Party will have the ability to recover revenues necessary through appropriate regulatory or judicial proceedings from PG&E's retail customers to assume financial responsibility as provided in Attachment I and (b) the designation of financial responsibility as set forth in Exhibit A of this Attachment I will not cause double-billing of PG&E retail customers for the ISO Invoiced Charges.

As authorized under the Act and other authorizing acts, commencing on the last PG&E charge responsibility hour on January 17, 2001, CDWR has procured, or caused

to be procured through the ISO, electric energy to serve PG&E's retail load that has not been, and is not, served by PG&E generation resources. This Attachment I allocates financial responsibility for the cost of a portion of such procured electric energy constituting Imbalance Energy and allocates financial responsibility for the Other ISO Invoiced Charges. In addition, this Attachment I sets forth the remittance obligations of PG&E from its ratepayers on behalf of CDWR for Imbalance Energy used to serve PG&E's retail load.

SECTION 1. CDWR Payment of Imbalance Energy Costs and PG&E Remittance of Related Revenues to CDWR. Pursuant to the November 7, 2001 FERC order, CDWR has received invoices from the ISO for ISO Invoiced Charges, including costs related to Imbalance Energy. Upon effectiveness of this Attachment I and during the term of this Attachment I as provided in Section 13 hereof, after the last PG&E charge responsibility hour, CDWR agrees to be responsible for the procurement cost for Imbalance Energy delivered to PG&E's retail customers and associated costs and charges for which financial responsibility has been accepted by CDWR as set forth in Exhibit A.

During the term of this Attachment I, after the last PG&E charge responsibility hour, PG&E shall have no financial responsibility related to the procurement of such Imbalance Energy and any associated costs and charges for which financial responsibility has been accepted by CDWR as set forth in Exhibit A while the Extended Act was in effect. CDWR agrees to indemnify PG&E and hold it harmless from any claims for payment by the ISO for ISO Invoiced Charges, for which CDWR has assumed responsibility, to the extent permitted by law.

In accordance with such Decisions¹ related to Imbalance Energy, PG&E shall make remittances ("Imbalance Energy Remittances") to CDWR at the appropriate rate determined by the CPUC pursuant to the methodology for payment described in Exhibit B attached hereto, as further provided in Attachment B of the Servicing Order, by and between the Parties, and relevant CPUC orders and decisions. The term Imbalance Energy Remittances, however, shall not include remittances described as IE Transition Lump Sum described below. CDWR agrees to, and PG&E shall comply with any subsequent CPUC decisions affecting the rate paid to CDWR for power deliveries to PG&E's retail customers.

In addition to Imbalance Energy Remittances, CDWR agrees, and PG&E is ordered to implement the following adjustments: (i) as of the date ("Collection Curve Implementation Date") of implementing the Collection Curve remittance methodology ("Collection Curve Methodology") and for the period six-months prior to such date, determine the remittances payable in accordance with the methodology described in Exhibit B attached hereto ("IE Transition Lump Sum," and together with Imbalance

¹ Ordering Paragraph 7 of Decision 02-02-052, as clarified in Decisions 02-03-003 and 02-03-062.

Energy Remittances, "Imbalance Energy Lump Sum Remittances"), all as further provided in Exhibit B hereto; (ii) Total Offsets during the Adjustment Period, as provided in Exhibit C hereto; (iii) franchise fee remittance adjustment, as provided in Exhibit D hereto; and (iv) adjustments due to changes in methodology, as provided in Exhibit E hereto. Imbalance Energy Lump Sum Remittances, together with the other adjustments described in clauses (ii) through (iv) are referred to in this Attachment I collectively as "Lump Sum Remittances." In addition, the period between January 17, 2001 through the later of the (A) Collection Curve Implementation Date or (B) another date on which PG&E implemented the new CPUC rate, is referred in this Attachment I as the "Lump Sum Period."

Unless otherwise ordered by the CPUC, PG&E shall make Lump Sum Remittances in monthly installments by September 3, 2002. The first two such installment payments have been made on March 29, 2002 and April 30, 2002, each in the amount of \$97,059,294.86. PG&E shall continue to make such installment payments on the first business day of each succeeding month, commencing June 3, 2002. PG&E shall pay the remaining balance due under this Attachment I in four approximately equal installments on the first business day of each such month beginning June 3, 2002, provided that the final payment due on September 3, 2002 shall include all amounts that then remain owing as Lump Sum Remittances under this Attachment I.

In the event the remittances for the IE Lump Sum Transition Period extend past September 3, 2002 due to unavailability of the ISO settlement statements necessary to determine the amount of Imbalance Energy to be included in the IE Transition Lump Sum, the Parties agree to meet and develop an expeditious payment schedule for any remaining payments. Each installment payment by PG&E of the Lump Sum Remittances as set forth in this Section shall reduce proportionately the principal amount due for each of the components of the Lump Sum Remittances described in Exhibit B, C, D, and E. PG&E may pay any remaining balance ahead of the schedule indicated above without penalty.

PG&E shall comply with all provisions related to collection and segregation requirements as set forth in the Act and in accordance with the remittance methodology contained in the Servicing Order. In addition, PG&E shall provide any necessary work papers to CDWR to substantiate each component of the Lump Sum Remittances upon CDWR's request.

Subject to the last paragraph of Section 1 and Section 8 below, either Party shall be entitled to seek enforcement of any changed rate adopted in any appropriate judicial or regulatory forum to the extent provided by law.

SECTION 2. Other ISO Invoiced Charges. During the term of this Attachment I, CDWR agrees to be responsible for the charges set forth in Exhibit A as they relate to PG&E's retail load obligations. In the event that the ISO provides separate invoices to CDWR and PG&E for ISO charges that are inconsistent with the financial responsibility

designation contained in Exhibit A, CDWR agrees, and PG&E is ordered to coordinate in the payment of such invoices and to make any payment adjustments between themselves that are necessary to implement the financial responsibility designations contained in Exhibit A, to the extent allowed by applicable law. CDWR does not assume responsibility for any ISO charges invoiced relating to or with respect to the ISO Scheduling Coordinator IDs PGAE or PGAB.

SECTION 3. Settlement Information. Pursuant to the November 7, 2001 FERC order, CDWR has received (a) Final Settlement Statements for the period beginning January 17 through September 30, 2001 from the ISO relating to the ISO Scheduling Coordinator identification PXC3, PCG1 and PCGB, (b) Preliminary and Final Settlement Statements for dates on and after October 1, 2001 from the ISO relating to ISO Scheduling Coordinator identification PXC3, PCG1 and PCGB and (c) certain Settlement Statements related to ISO Scheduling Coordinator identification PGAE and PGAB (collectively, the "Settlement Information"). CDWR agrees, and PG&E is ordered to treat the Settlement Information as Confidential Information, as defined in the Servicing Order, in accordance with Section 6.1.

The State Controller, Bureau of State Audits, or other entities authorized under State law to verify expenditure of public funds relating to the activities authorized under the Extended Act may need to have access to confidential Settlement Information received by CDWR. Upon receipt of such request, CDWR will provide a written notice of such request to PG&E, and PG&E [in the exercise of its reasonable discretion], it will provide CDWR with written consent to make available all or a portion of the confidential Settlement Information related to PG&E to such State entities as soon as reasonably practicable, provided that any such State entity agrees to be bound by the terms and conditions and the intent set forth in this Section 3 or another agreement mutually acceptable to PG&E and such State entity regarding the treatment of confidential Settlement Information related to PG&E.

To the fullest extent permitted by law, CDWR expressly agrees to maintain confidential treatment of all Settlement Information related to PG&E provided under this Attachment I when requested to produce any such information pursuant to the California Public Records Act. Upon receipt of any request for such Settlement Information related to PG&E under the California Public Records Act, CDWR agrees to notify PG&E in a timely manner and as far as reasonably practicable in advance of disclosure if CDWR determines that it must release such Settlement Information related to PG&E provided to CDWR under this Agreement. The Parties will then endeavor to reach agreement as to the intended disclosure, including appropriate redaction of Settlement Information related to PG&E so that the document may be disclosed. If the Parties cannot reach a mutually acceptable agreement to allow the disclosure of requested Settlement Information related to PG&E, then CDWR agrees to provide PG&E with sufficient time to take appropriate action to protect its interests prior to disclosing any such Settlement Information related to PG&E.

SECTION 4. Financial Responsibility. Pursuant to this Attachment I, CDWR agrees, and PG&E is ordered to notify the ISO that CDWR has assumed financial responsibility for ISO Invoiced Charges as provided in Exhibit A of this Attachment I. To that end, the Parties will request that the ISO designate CDWR as the financially responsible party for the charges listed on Exhibit A related to retail load obligations for all future purposes of disputes, adjustments or refunds or other modifications to payments permitted under the ISO Tariff, FERC orders or other governmental or regulatory authorities.

CDWR agrees, and PG&E is ordered to coordinate their settlement and payment activities hereunder and exchange relevant information to prevent the double payment of any ISO charge. Although the Parties have no responsibility for the ISO's remittance of revenue to third parties, CDWR agrees, and PG&E is ordered to advise the other if it becomes aware of any ISO overpayment or duplicate payment to third parties. CDWR agrees, and PG&E is ordered to work together to promptly reverse any such overpayment or duplicate payment by the ISO.

This Attachment I specifically does not address the financial responsibilities as to certain transmission, distribution and administrative costs also included in the ISO invoices submitted to CDWR. The Parties should continue to meet and confer in good faith to finalize the allocation of such remaining financial responsibilities as soon as practicable.

SECTION 5. Amendment to the Servicing Order. Simultaneously with the effectiveness of the Servicing Order, the Parties agree to the effectiveness of this Attachment I. The CPUC may order amendments to this Attachment I or the Servicing Order

SECTION 6. Conditions to Effectiveness. Effectiveness of this Attachment I as to other payments shall be conditioned upon the effectiveness of the Servicing Order. The condition set forth in this Section may be waived by written agreement of PG&E.

SECTION 7. Filing of Attachment I. CDWR at its discretion may file this Attachment I with CPUC so as to update its revenue requirement which filing by CDWR shall not constitute a waiver by PG&E of any of its rights or reservations under this Attachment I. To the extent CDWR receives interest payments from PG&E at the PG&E Average Investment Return Rate as provided in this Attachment I, CDWR shall ensure that such accrued interest payments are included in updates to CDWR's revenue requirements.

Upon payment of the Lump Sum Remittances as provided in this Attachment I, CDWR also agrees to withdraw or amend with respect to partial payments, as appropriate, its claims from PG&E's bankruptcy proceedings to reflect such payments.

SECTION 8. No Waiver. The remittance by PG&E to CDWR of any amounts hereunder shall not constitute or be deemed a waiver of the right of either party to

contest, stay, enforce or otherwise litigate in any appropriate forum the level of any such retail rate component to be paid to CDWR for any and all periods, including past periods. Moreover nothing herein shall limit PG&E's rights to challenge the enforceability of any CPUC ruling, decision or order concerning such matters or jurisdiction of the CPUC with respect to the subject matter hereof or any issue raised hereby.

The failure to object to a breach of a provision in this Attachment I by either Party shall not be deemed to be a waiver any other rights of such Party contained in this Attachment I.

SECTION 9. Good Faith Negotiations Upon Amendment. Upon the effective date of this Attachment I, if there is any amendment or modification of a related condition required by any governmental body having jurisdiction, the Parties will enter into good faith negotiations as soon as practicable to develop and enter into a new arrangement which preserves the respective rights, obligations and benefits under this Attachment I as nearly as possible, and submit such amendment or modification to the CPUC for approval.

SECTION 10. Dispute Resolution. Should any dispute arise between the Parties as to the specific amounts to be remitted under Section 1 hereof, or should any dispute between the Parties arise from the exercise of either Party's audit rights contained in Section 12 hereof, the Parties shall remit any undisputed amounts and agree to enter into good faith negotiations as soon as practicable to resolve such disputes within (10) business days so as to fully allocate and pay appropriate amounts to each other or to the ISO as appropriate within the timeframes provided under this Attachment I, or as soon as possible thereafter.

SECTION 11. ISO Disputes. Nothing in this Attachment I is intended to extinguish any rights of CDWR or PG&E to file disputes with the ISO related to the ISO invoices or the related settlement data which do not relate to the charges set forth in Exhibit A attached hereto. Furthermore, PG&E may review all ISO settlement statements pertaining to the Scheduling Coordinator identification PGX3, PCG1, PCGB, PGAE and PGAB and file disputes as necessary.

SECTION 12. Audit Rights. CDWR agrees, and with respect to PG&E it is ordered that each shall have the right to undertake, or request the undertaking by a competent independent party of an audit of the ISO invoices relating to this Attachment I, final settlement data concerning such ISO invoices and related settlement information with regard to any allocation, cost or financial obligation of either Party resulting from this Attachment I, the cost of which audit shall be paid by the Party requesting such audit. In addition, CDWR's audit rights as described in Section 8.2 of the Servicing Order shall apply to any information required for implementing this Attachment I, including the right to audit PG&E records and procedures containing information bearing upon PG&E's performance of its obligations under this Attachment I. The audit

rights provided in this paragraph shall extend one year beyond the date of termination of this Attachment I.

SECTION 13. Term. Upon the earlier of (a) PG&E becoming creditworthy (as defined by the ISO tariff) and obtaining CPUC approval of PG&E's resumption of the procurement function for its retail customers or (b) expiration of CDWR's authority under the Extended Act to enter into contracts for the cost of electric power and transmission, scheduling, and other related expenses incurred by CDWR from amounts in the Electric Power Fund available for purposes set forth herein, this Attachment I and the rights and obligations of each Party hereunder shall automatically terminate. Upon such event, nothing in this Attachment I shall establish, bind or allocate financial responsibility to either Party for ISO Invoiced Charges from such time forward.

SECTION 14. Governing Law. This Attachment I shall be governed by and construed in accordance with the laws of the State of California.

SECTION 15. Assignment. DWR agrees, and with respect to PG&E it is ordered that neither shall assign this Attachment I or its rights or obligations hereunder without the prior written consent of the other, which consent may be withheld in the exercise of its sole discretion.

SECTION 16. Severability. In the event that any of the terms, covenants or conditions of this Attachment I, or the application of any such term, covenant or condition, shall be held invalid as to any person or circumstance by any court, regulatory agency, or other regulatory body having jurisdiction, all other terms, covenants, or conditions of this Attachment I and their application shall not be affected thereby, but shall remain in full force and effect, unless a court, regulatory agency, or other regulatory body holds that the provisions are not separable from all other provisions of this Attachment I.

SECTION 17. Limited Liability. Any liability of CDWR arising in connection with this Attachment I or any claim based thereon or with respect thereto arising as the result of any breach or default hereunder, and any other payment obligation or liability of or judgment against CDWR hereunder, shall be satisfied solely from the Electric Power Fund. Neither the full faith and credit nor the taxing power of the State of California are or may be pledged for any payment hereunder. Revenues and assets of the State Water Resources Development System shall not be liable for or available to make any payments or satisfy any obligation arising hereunder.

EXHIBIT A

Charge	Responsible Party
<p>1. Ancillary Services: From January 17, 2001 forward, CERS will assume financial responsibility for Ancillary Services (currently CT (Charge Type) 111-Spinning Reserve due ISO; 112-Non-Spinning Reserve due ISO; 114-Replacement Reserve due ISO; 115-Regulation Up due ISO; 116-Regulation Down due ISO).</p> <p>A. Net of Ancillary Service revenue derived from utility retained generation (<i>i.e.</i>, currently CT 1-Day Ahead Spinning Reserve due SC; 2-Day Ahead Non-Spinning Reserve due SC; 4-Day Ahead Replacement Reserve due SC; 5-Hour Ahead Regulation Up due SC; 6-Day Ahead Regulation Down due SC; 51-Hour Ahead Spinning Reserve due SC; 52-Hour Ahead Non-Spinning Reserve due SC; 54-Hour Ahead Replacement Reserve due SC; 55-Hour Ahead Regulation Up due SC; 56-Hour Ahead Regulation Down due SC); 24-Dispatched Replacement Reserve (Bid-In) Capacity Withhold; 124-Dispatched Replacement Reserve (Self-Provided) Capacity Withhold.</p> <p>B. As adjusted by Rational Buyer, RMR Preemption, <i>i.e.</i>, CT 1011-Ancillary Service Rational Buyer Adjustment; 1061-Distribution of Preempted Spinning Reserve; 1062-Distribution of Preempted Non-Spinning Reserve; 1064-Distribution of Preempted Replacement Reserve; 1065-Distribution of Preempted Regulation Up; 1066-Distribution of Preempted Regulation Down; 1012-RMR Preemption Revenue Allocation; 61- Hour Ahead RMR Preemption of Spinning Reserve; 62- Hour Ahead RMR Preemption of Non-Spinning Reserve; 64- Hour Ahead RMR Preemption of Replacement Reserve; 65- Hour Ahead RMR Preemption of Regulation Up; 66- Hour Ahead RMR Preemption of Regulation Down; 71- Real Time RMR Preemption of Spinning Reserve; 72- Real Time RMR Preemption of Non-Spinning Reserve; 74- Real Time RMR Preemption of Replacement Reserve; 75- Real Time RMR Preemption of Regulation Up; 76- Real Time RMR Preemption of Regulation Down; 81- Real Time RMR Preemption of Spinning</p>	<p style="text-align: center;">CERS</p>

Charge	Responsible Party
<p>Reserve; 82- Real Time RMR Preemption of Non-Spinning Reserve; 84- Real Time RMR Preemption of Replacement Reserve; 85- Real Time RMR Preemption of Regulation Up; 86-Real Time RMR Preemption of Regulation Down.</p> <p>C. As further adjusted by No Pay and Noncompliance, <i>i.e.</i>, CT 141-No Pay Charge Spinning Reserve; 142-No Pay Charge-Non-Spinning Reserve; 144-No Pay Charge-Replacement Reserve; 145-Non Compliance Charge for Regulation Up; 146-Non Compliance Charge for Regulation Down; 1030-No Pay Provision Market Refund</p>	
<p>2. Imbalance Energy and Unaccounted For Energy (UFE): From January 17, 2001 forward, with respect to PG&E's retail customer load, CERS will assume financial responsibility for Imbalance Energy, <i>i.e.</i>, currently CT 406-SC Unaccounted for Energy; 407-Uninstructed Energy; 487-Allocation of Excess Cost for Uninstructed Energy; 591-Emissions Cost Recovery; and 592-Start-Up Cost Recovery—as netted against current CT 401-Instructed Energy; 481-Excess Cost for Instructed Energy; 593-Emissions Cost Due Trustee; and 594-Start-Up Cost due Trustee revenues received by the IOUs from their utility retained generation.</p>	CERS
<p>3. Neutrality: From January 17, 2001 forward, with respect to PG&E's retail customer load, CERS will assume responsibility for CT 1010-Neutrality; 1210-Existing Contracts Cash Neutrality Charge/Refund.</p>	CERS
<p>4. Interest: CERS will assume responsibility for CT 3999 Interest and Penalty Charges for those charges set forth in Exhibit A and with respect to such charges related to PG&E's retail customer load that CERS has assumed responsibility as set forth in Exhibit A-2. CERS will not pay interest accrued on past due principal amounts prior to January 17, 2001.</p>	CERS

EXHIBIT B

Imbalance Energy Remittances for the Lump Sum Period

DWR and PG&E shall agree on the kilowatt-hours of Imbalance Energy bought or sold for PG&E's retail customers by the ISO for each hour of the Lump Sum Period, including each hour of the IE Lump Sum Transition Period. The term "IE Lump Sum Transition Period" shall mean the remittances accrued during the six-month period prior to the Curve Collection Implementation Date but not collected during the six-month period after the Curve Collection Implementation Date.

For the purposes of this Attachment I, Imbalance Energy shall include Uninstructed Energy (ISO Charge Type 407) quantities and Instructed Energy (ISO Charge Type 401) quantities. Notwithstanding the foregoing, Imbalance Energy bought or sold by PG&E in connection with its non-retail obligations shall not be considered Imbalance Energy hereunder, unless expressly agreed to between the Parties. During the IE Lump Sum Transition Period, the kilowatt-hours of Imbalance Energy shall be the portion of Imbalance Energy each hour which is not recovered using the Collection Curve Methodology as described in Attachment B of the Servicing Order for the six months prior to the Collection Curve Implementation Date.

PG&E shall determine the weighted-average Distribution Loss Factor for each hour of the Lump Sum Period, including the IE Lump Sum Transition Period ("Hourly DLF"), as follows: subtract (a) PG&E's aggregated retail usage from (b) PG&E's retail usage reported to the ISO and divide this total by (b) PG&E's retail usage reported to the ISO.

PG&E shall multiply the kilowatt-hours of Imbalance Energy bought or sold for PG&E's retail customers by the ISO by the factor of one minus the Hourly DLF to determine the "Hourly Imbalance Energy Purchases/Sales At Retail." For each day of the Lump Sum Period, including the IE Lump Sum Transition Period, PG&E shall net the Hourly Imbalance Energy Purchases/Sales At Retail to determine the "Daily Imbalance Energy Purchases/Sales At Retail."

PG&E shall multiply the Daily Imbalance Energy Purchases/Sales At Retail by the rate that PG&E paid CDWR for scheduled energy delivered that day and the resulting dollar amount shall be multiplied by a factor of one minus the applicable CPUC authorized uncollectibles factor to determine the "Daily Imbalance Energy Payable/Receivable." PG&E shall net the Daily Imbalance Energy Payable/Receivable for each day of the Lump Sum Period, including the IE Lump Sum Transition Period to determine the Imbalance Energy Lump Sum Remittances due to CDWR. Even if otherwise not expressly provided for under this Servicing Order, PG&E may make whatever further adjustments are necessary to reflect uncollectibles in calculating its Energy Lump Sum Remittances.

Interest shall be applied to all Imbalance Energy Lump Sum Remittances less Total Offsets as calculated in Exhibit C attached hereto. Interest shall be due to CDWR beginning 45 days from the date the energy was delivered to PG&E's customers until the date paid. The interest shall accrue daily at the PG&E Average Investment Return Rate.

PG&E shall provide CDWR with work papers to validate PG&E calculations of Hourly DLFs and uncollectibles.

The Parties acknowledge that as of the effective date of this Attachment I, ISO settlement statements will not be available for all days of the IE Lump Sum Transition Period. Therefore, the above calculations will be trued-up and revised as necessary as ISO settlement statements become available for the entire Lump Sum Period. Such true-up payments described in this provision shall be made on or before September 3, 2002.

EXHIBIT C

Total Offsets

Offsets for the period January 17, 2001 through May 31, 2001 ("Adjustment Period").

PG&E shall calculate the following offsets and provide CDWR with appropriate work papers to validate PG&E's calculations:

C.1 Loss Adjustment For Scheduled Energy for the Adjustment Period.

Prior to June 1, 2001, remittances to CDWR by PG&E were based on the total quantity of scheduled energy without adjustments for distribution losses. The Loss Adjustment For Scheduled Energy is intended to compensate PG&E for payments that PG&E previously made to CDWR for scheduled energy that was not delivered to PG&E's retail customers as a result of distribution losses.

The "Hourly Loss Adjustment For Scheduled Energy" shall be determined by multiplying the scheduled energy for which CDWR was paid by PG&E for each hour of the Adjustment Period by the Hourly DLF and by the rate (in dollars per megawatt-hours) CDWR was paid for such scheduled energy.

The "Loss Adjustment For Scheduled Energy" shall be the summation of the Hourly Loss Adjustment For Scheduled Energy over all hours of the Adjustment Period.

C.2 Uncollectibles Adjustment For Scheduled Energy for the Adjustment Period.

Prior to June 1, 2001, remittances to CDWR by PG&E for scheduled energy deliveries to retail customers were not adjusted for amounts that were not collectible from retail customers. The Uncollectibles Adjustment For Scheduled Energy is intended to compensate PG&E for payments that PG&E previously made to CDWR for scheduled energy, but did not collect from its retail customers.

The "Hourly Adjusted Scheduled Energy Payable" shall be determined by multiplying the scheduled energy for which CDWR was paid by PG&E for each hour of the Adjustment Period by a factor of one minus the Hourly DLF and by the rate (in dollars per megawatt-hours) that CDWR was paid for such Scheduled Energy.

The "Hourly Uncollectibles Adjustment For Scheduled Energy" shall be determined by multiplying the Hourly Adjusted Scheduled Energy Payable by a factor of one minus the applicable CPUC authorized uncollectibles factor.

The "Uncollectibles Adjustment For Scheduled Energy" shall be the sum of the Hourly Uncollectibles Adjustment For Scheduled Energy over all hours of the Adjustment Period.

C.3 Total Offsets.

The sum of the Loss Adjustment For Scheduled Energy and the Uncollectibles Adjustment For Scheduled Energy shall be defined as the "Total Offsets." The Total Offsets shall reduce the principal amount due in Exhibit B, attached hereto.

EXHIBIT D

Franchise Fee Remittance Adjustments

For the period beginning January 17, 2001 through the appropriate end date of the franchise fee offset, PG&E shall remit to CDWR all amounts previously offset by PG&E to pay franchise fees. Amounts previously withheld shall be remitted to CDWR with interest accrued at the rate PG&E earned on these funds from the first date of offsets made to pay the franchise fees. The interest shall accrue until paid as Lump Sum Remittances. Even if otherwise not expressly provided for under this Servicing Order, PG&E may make whatever further adjustments are necessary to reflect uncollectibles in calculating its Franchise Fee Remittance.

EXHIBIT E

Adjustments Due to Changes in Methodology

From time to time, PG&E and CDWR may agree that Methodology Adjustments are needed to conform any previously remittance methodology used by PG&E to the methodology described in Attachment B of the Servicing Order. The Parties agree to meet and confer so as to agree upon any other adjustments necessary to correct errors or discrepancies or to adjust or amend existing methodologies, including the methodologies provided in this Attachment I and in the Servicing Order or to implement new methodologies as mutually agreeable to the Parties.

ATTACHMENT J

~~SURPLUS ENERGY SALES REVENUES REMITTANCE~~

1. ~~Calculation of DWR Monthly Surplus Energy Sales Revenues Remittance ("Monthly Surplus Energy Sales Revenue Remittance").~~ DWR Surplus Energy Sales Revenues shall be allocated consistent with the Contract Allocation Order and the principles set forth in Exhibit C of the Operating Agreement and as further provided in this Attachment J. As provided in Exhibit C to the Operating Agreement, Utility is required to calculate the DWR Surplus Percentage on an hourly basis and to apply such percentage to the total surplus energy sales revenues received by the Utility to determine the hourly DWR Surplus Energy Sales Revenues to be remitted to DWR. Pursuant to this Attachment J, Utility shall remit DWR Surplus Energy Sales Revenues each month to DWR.

2. ~~Preliminary Monthly Surplus Energy Sales Revenues Remittance.~~ By the first Business Day after the 20th day of the month following each delivery month (the "Monthly Settlement Date"), Utility shall calculate and shall remit to DWR the "Preliminary Monthly Surplus Energy Sales Revenues Remittance Amount," consisting of the aggregate of DWR Surplus Energy Sales Revenues for each hour of the month using the price and volume information available to Utility and in accordance with the principles set forth in Exhibit C of the Operating Agreement. The Preliminary Monthly Surplus Energy Sales Revenues Remittance Amount shall be accompanied by a detailed written report (the "Preliminary Monthly Surplus Energy Sales Report") in a form to be developed by the Parties.

3. ~~Actual Monthly Surplus Energy Sales Revenues Remittance.~~ On or prior to the first Business Day following the due date of the ISO Monthly Final Market Invoice for the delivery month (the "Final Monthly Settlement Date") Utility will calculate the Actual Monthly Surplus Energy Sales Revenues Remittance Amount (the "Actual Monthly Surplus Energy Sales Revenues Remittance Amount"), based upon actual dispatched Power quantities as reflected in the ISO Final Settlement Statements for the delivery month to determine the DWR Surplus Energy Sales Revenues all in accordance with the principles set forth in Exhibit C of the Operating Agreement.

Utility will subtract the Preliminary Monthly Surplus Energy Sales Revenues Remittance Amount previously remitted to DWR for the

~~appropriate delivery month from the Actual Monthly Surplus Energy Sales Revenues Remittance Amount as determined under this Section 3 ("Delivery Month True-up Amount") and either remit such Delivery Month True-up Amount to DWR if the result is positive, or invoice DWR for the net amount if the result is negative. Any remittances or invoices to be prepared under this Section 3 shall be accompanied by a detailed written report in a form to be developed by the Parties (the "Actual Monthly Surplus Energy Sales Report").~~

~~4. Adjustments and True-ups. (a) If the Utility determines that it has remitted amounts to DWR in error, Utility may provide notice of such event to DWR (accompanied by an explanation of the facts surrounding such erroneous deposit), and DWR shall review such notice and information as soon as practicable and promptly repay such funds if and to the extent DWR agrees with Utility, such agreement not to be unreasonably withheld or delayed.~~

~~If DWR becomes aware of a material discrepancy in the remitted Preliminary Monthly Surplus Energy Sales Revenue Remittance Amount, DWR may provide notice of such event to Utility (accompanied by an explanation of the facts surrounding such erroneous deposit) and Utility shall review such notice and information as soon as practicable and promptly remit such funds if and to the extent that Utility agrees with DWR, such agreement not be unreasonably withheld or delayed.~~

~~(b) If for any period of three consecutive months, the absolute value of the Delivery Month True-up Amount is greater than 10% of the Preliminary Monthly Surplus Energy Sales Revenues Remittance Amount for such period, the Parties shall negotiate changes to the methodology provided in this Attachment J so as to reasonably reduce the Delivery Month True-up Amount as much as possible for future months. Either Party may, in addition to any other remedies available to the Party, submit the matter to the Commission or other appropriate forum for resolution in the event that the Parties cannot mutually agree to a revised methodology.~~

~~5. Additional Adjustments. The Actual Monthly Surplus Energy Sales Revenues Remittance Amount will also reflect any Additional Adjustments that occur after the Final Monthly Settlement Date for any delivery month. Additional Adjustments shall consist of those adjustments mutually agreed to by the Parties, adjustments as a result of settled disputes between the Utility and the third party purchaser of~~

~~surplus Power or adjustments expressly permitted under the Contract Allocation Order or by Applicable Law or the Operating Agreement, as may be amended from time to time.~~

~~Each Additional Adjustment shall be accompanied by a detailed written report in a form to be mutually developed by the Parties. As reasonably requested by DWR, Utility shall provide supporting documentation of any Additional Adjustments.~~

~~6. — DWR Right to Verify DWR Surplus Energy Sales Revenues: DWR shall have the right but not the obligation following the receipt of the Actual Monthly Surplus Energy Sales Report for each delivery month to conduct such verification procedures as determined reasonably necessary. In the event that DWR does not agree with the remittance of DWR Surplus Energy Sales Revenues following its verification, it will notify Utility in writing of a dispute with respect to the remittances of DWR Surplus Energy Sales Revenues. If the Parties are unable to resolve any disputes relating to such DWR Surplus Sales Energy Revenues, either Party, may, upon giving five Business Days' notice to the other Party pursue such appropriate remedies including the submission of the dispute to the Commission or other appropriate forum for proposed resolution.~~